

AMENDMENT OF SOLICITATION/MODIFICATION OF <b>CONTRACT</b>		1. CONTRACT ID CODE		PAGE OF PAGES	
				1 21	
2. AMENDMENT/MODIFICATION NO. 0002		3. EFFECTIVE DATE 02/03/2005		4. REQUISITION/PURCHASE REQ. NO. L-5-L4-01-00-A00 000	
5. PROJECT NO. (If applicable)					
6. ISSUED BY Internal Revenue Service 6009 Oxon Hill Road, Suite 500  Oxon Hill, MD 20745  VENO, NICOLETE C 202-283-1232		CODE IRS0088		7. ADMINISTERED BY (If other than Item 6)  See Item 6	
8. NAME AND ADDRESS OF CONTRACTOR (No. Street, county, State and ZIP: Code)		(x)		9A. AMENDMENT OF SOLICITATION NO. TIRNO-05-R-00006	
TO ALL OFFERORS  Vendor ID: 00055905		X		9B. DATED (SEE ITEM 11) 02/03/2005	
				10A. MODIFICATION OF CONTRACT/ORDER NO.	
				10B. DATED (SEE ITEM 13)	
CODE		FACILITY CODE			

**11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS**

☒ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers ☐ is extended, ☒ is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:

(a) By completing Items 8 and 15, and returning 1 copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATA SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and data specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)

**13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS,  
IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.**

(x)	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).
	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:
	D. OTHER Specify type of modification and authority)

**E. IMPORTANT:** Contractor ☐ is not, ☒ is required to sign this document and return 1 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

See SF30 Continuation Sheet

The above referenced solicitation is hereby amended as follows:

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print)		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)	
		NICOLETE C. VENO, CONTRACTING OFFICER, OS:A:P:I:E	
15B. CONTRACTOR/OFFEROR	15C. DATE SIGNED	16B. UNITED STATES OF AMERICA	16C. DATE SIGNED
(Signature of person authorized to sign)		BY (Signature of Contracting Officer)	

## SF30 CONTINUATION SHEET

1. Form 1449 indicates in Item Number 0001 that there is Software License- Up to 5 Users and the quantity of licenses requested is 1.

Delete SF 1449, Item 0001, Software License – Up to 5 Users, Quantity 1 and replace with the following:

“SF 1449, Item 0001 Software License – Up to 5 Users, Quantity “5.””

2. Delete the Statement of Work (SOW) in its entirety and replace with the attached SOW.

3. Delete Item 3, Proposal Preparation Instructions, Volume I, Technical Proposal, Section 2, Executive Summary, and Table of Contents, 1<sup>st</sup> sentence, in its entirety, and replace with the following:

“Summarize the offer; include a description of your approach and plans toward satisfying and supporting the requirements of this solicitation.”

4. Delete Item 3, Proposal Preparation Instructions, Volume I – Technical Proposal, Section 3 – Mandatory Specifications, 3<sup>rd</sup> sentence in its entirety and replace with the following:

“Offerors shall organize their response to the Government’s minimum mandatory requirements in sequential order as set forth in the SOW.”

5. Delete Item 3, Proposal Preparation Instructions, Submission of Proposal in its entirety and replace with the following:

Each offerors proposal submitted in response to this solicitation shall be in three (3) volumes as described herein. The technical proposal shall be submitted in original and six (6) copies. The Business Proposal shall be submitted in an original and six (6) copies. The Price Proposal shall be submitted in an original and six (6) copies. Proposals must be prepared in accordance with these instructions, providing all required information in the format specified.

6. Delete Item 2, Volume II – Business Proposal, Section 1 – Quality Control Program and Plan 1<sup>st</sup> paragraph in its entirety and replace with the following:

In this section, the offeror(s) business proposal shall be bound separately from the technical and price proposal. Offerors shall provide one (1) original and six (6) copies of their business proposal.

7. Delete Volume 3, Price Proposal, 2<sup>nd</sup> paragraph, in its entirety and replace with the following:

“Pricing on the paper hard copies will take precedence in the event of any discrepancies with the pricing submitted on the diskette. The diskette must be in either Microsoft Excel 97 (or later) or Adobe Acrobat 3.01 (or later) format.”

8. Delete Item “i” entitled, “Technical Evaluation” in its entirety and replace with the following:

## “7.1 Technical Evaluation”

9. Delete SF 1449, Block 15, in its entirety and replace with the following:

“See Attached” Code 0000000000

10. Delete Statement of Work, Section 2.3.1 entitled, “Actuarial Software Support – (Help Desk) and replace with the following:

The required hours of support are 8:00 a.m. to 7:00 p.m. Eastern Standard Time, Monday through Friday. At a minimum, the Contractor shall provide a help desk to include a toll free telephone and online (internet) support of the actuarial software to assist users in resolving problems encountered while using the Contractor’s software product(s). To the maximum extent possible, Contractors shall propose the standard commercial help desk support offered to other licensed software users.

See attached revised SOW

11. The date for receipt of proposals remains as stated.

12. Responses to questions received are hereby provided as an attachment to this amendment.

13. All other terms and conditions of TIRNO-05-R-00006 hereby remain unchanged.

## CLARIFICATIONS AND GOVERNMENT'S RESPONSE

**Question 1:** Mentor/Protégé Relationship. Can we specify the mentor/protégé relationship after January 21, 2005?

**Government's Response:** Any prime/subcontractor relationship and or mentor/protégé relationship must be addressed in an offeror's proposal submission in response to the solicitation no later than the extended due date of February 9, 2005, 1:00pm (EST) as set forth in Amendment 0001.

**Question 2: Clarification on 7702/7702A**

2.1.1 - Minimum Mandatory Software Capability Requirements states in section 3 that compliance with the IRC tax laws are required and, in addition, 7702 /7702A are specified under 3(h). 2.1.3 Highly Desirable Software Capability Requirements classifies compliance with Section 7702 and Section 7702A as highly desirable.

Sections 7702 and 7702A are the main areas of compliance for insurance companies specified in the IRC. Our question is how can any software be compliant with the IRC and not include the capability to be compliant with sections 7702 and 7702A of the IRC?

**Government's Response:** The Reserve system must have general knowledge of S7702 status in order to do forward projections of benefits. Unlike a S7702 compliance audit system, the reserve system may be able to compute accurately without knowledge of every policy transaction since the policy was issued.

The S7702 system is far more laborious to deal with, and its large volume of data will retard the execution speed of a reserve system to the extent that many companies use a reserve-only system, but then employ a S7702 compliance system in tandem with it, but not as part of it. The S7702 system may well reside in the administrative system rather than in the reserve system.

The S7702 compliance (or audit of compliance) requires knowledge of every policy transaction since the policy was issued, along with knowledge of the current S7702 status, in particular, the ratio of the net surrender value to the death benefit.

Reserving requires knowledge of the current and projected S7702 status, in particular, the ratio of the net surrender value to the death benefit. In some cases, reserving may also require knowledge of past premium payments. Reserving does not absolutely require any of the other transactions.

**Question 3:** Form 1449 indicates in item 0001 that there are Software License – Up to 5 Users and the quantity of licenses requested is 1.

**Government's Response:** SF 1449, Item 0001 is hereby changed to read as follows:

Software License – Up to 5 Users, Quantity of license is "5."

**Question 4:** Will each of the 5 users need a separate software system or is one software system required which the 5 users will access, input data, share data, update, run valuations, and otherwise use the system.

**Government's Response:** Each user will have the software installed on their laptop. The laptop is assigned to them and they are the only users of that laptop

**Question 5:** Will each of the 5 users be at the same site or will each user be possibly working from a different site?

**Government's Response:** The 5 users will be geographically dispersed and will be working from different sites.

**Question 6:** Will anyone other than the designated 5 users need to use or have access to the system(s) such as technology experts.

**Government's Response:** Yes. Technology experts will only be involved to the extent of testing the software to determine whether it works with the Government's COE (common operating environment) prior to those who will install the software on user laptops and installing the software on the users laptop.

**Question 7:** Will anyone other than the 5 designated users need to use the system(s) to run reports or lookup information.

**Government's Response:** No. The users will be the only people designated to use the software.

**Question 8:** Will each of the 5 users need support directly or will support be through a specified individual?

**Government's Response:** Each user will need support directly.

**Question 9:** If more than one software system is required, will each system be single user or multi-user configuration.

**Government's Response:** Please see answer to question number 1.

**Question 10:** Mentor/Protégé Relationship - Can the Mentor also be an SBA (less than 500 employees) company? Is there any documentation than we can review on this type of relationship.

**Government's Response:**

a) Can the Mentor also be an SBA (less than 500 employees) company?

Treasury's Mentor-Protégé Program, Success Partnerships, is open to any firm (large or small) that demonstrates a commitment and capability to assist in the development of a small business protégé's). Although mentors can be large or small businesses, we anticipate the majority of the mentors will be large businesses. (The program excludes firms on the Federal List of Debarred or Suspended Contractors).

b) Is there any documentation than we can review on this type of relationship?

Information regarding the Department of Treasury's Mentor Protégé Program can be found at the below website:

<http://www.treas.gov/offices/management/dcfo/osdbu/mentor-protege/>

This site highlights the history of the program, program details, the program application, approved program agreements, frequently asked questions, and information on other Federal Agency programs.

The point of contact within the OSDDBU office is below:

For additional information on Treasury's *Success Partnerships* Mentor-Protégé Program, please contact:

Jackie Barber

Mentor Protégé Program Manager  
Department of the Treasury  
Office of Small Business Development  
1500 Pennsylvania Avenue, NW  
Mail Code: 655 15th Street/6097  
Washington, DC 20220  
Phone: (202) 622-8213  
Fax: (202) 622-4963

**Question 11:** Declaration of Contractor's Project Manager and her/his phone number. What volume?

**Government's Response:** The Contractor's designated Project Manager for this contract shall read: "To be designated at time of award." The telephone number for the Project Manager shall read: "To be designated at time of award"

**Question 12:** Copy of Standard Form 1449 (pages 1-4 of the PDF document) filled in or equivalent on letterhead paper. Since the majority of this form concerns pricing, it might have to be part of the Pricing volume. What volume?

**Government's Response:** Volume 3, entitled, "Pricing"

**Question 13:** Completed copy of the representations and certifications at FAR 52.212-3. (See p. 24-32). What volume?

**Government's Response:** Please reference Structure of Proposals, Item 2, Volume II, entitled Business Proposal, Section 3, Compliance.

**Question 14:** Acknowledgment of Solicitation Amendments. What volume?

**Government's Response:** Please reference Structure of Proposals, Item 1, Volume I, entitled Technical Proposal, Section 2, Executive Summary and Table of Contents as well as FAR Clause 52.212-1 Instructions to Offerors – Commercial Items (Jan 2004) (b)(9) Acknowledgement of Solicitation Amendments.

**Question 15:** "DUNS" identification number. What volume?

**Government's Response:** Please reference FAR Clause 52.212-1, Instructions to Offerors -- Commercial Items (Jan 2004) (j) Data Universal Numbering System (DUNS) Number

**Question 16:** Proof of our registration in the Central Contractor Registration (CCR) database. What volume?

**Government's Response:** Please reference FAR Clause 52.212-1, Instructions to Offerors – Commercial Items (Jan 204) (k) Central Contractor Registration

**Question 17:** Amendments to the Proposal (if any). See P. 10.

**Government's Response:** Any amendments to an offeror's original proposal submission that are technical in nature, shall be addressed in Volume I, entitled Technical Proposal. Any amendments to an offeror's original proposal submission that pertain to "pricing" shall be addressed in Volume 3, Pricing

**Question 18:** Likewise, no one has specified how many copies of each must be submitted, nor the formats required.

**Government's Response:** Item # 3, entitled, Proposal Preparation Instructions, Submission of Proposal, is hereby revised to read as follows:

Each offerors proposal submitted in response to this solicitation shall be in three (3) volumes as described herein. The technical proposal shall be submitted in original and six (6) copies. The Business Proposal shall be submitted in an original and six (6) copies. The Price Proposal shall be submitted in an original and six (6) copies. Proposals must be prepared in accordance with these instructions, providing all required information in the format specified.

Failure of a proposal to show compliance with these instructions may be grounds for exclusion of the proposal from further consideration.

Delete Item 2, Volume II – Business Proposal, Section 1 – Quality Control Program and Plan 1<sup>st</sup> paragraph, in its entirety and replace with the following:

In this section, the offeror(s) business proposal shall be bound separately from the technical and price proposal. Offerors shall provide one (1) original and six (6) copies of their business proposal.

## **PERFORMANCE WORK STATEMENT**

**Entitled,**

### **“ACTUARIAL SOFTWARE AND SUPPORT SERVICES”**

#### **1.0 SCOPE**

The purpose of this procurement is to acquire commercial off-the-shelf (as defined in Federal Acquisition Regulation (FAR) 2.1) PC based actuarial software for the Internal Revenue Service Large and Midsize Business Division (LMSB). This software will be used by up to 5 IRS life insurance actuaries in the audit of life insurance companies. This statement of work (SOW) sets forth the IRS’ software and support requirements. Support services will include documentation, training, maintenance, and actuarial support of software products and their outputs. The contract is for a base period of one year with four, 12-month option periods, for a total of five years.

#### **1.1 Background**

The IRS’ examination of insurance reserves and Internal Revenue Code (IRC) Sections 7702 and 7702A compliance (see attachment A) has been limited in the past. The IRS has hired life insurance actuaries to assist agents in the audit of insurance companies. By combining the expertise of life insurance actuaries and the actuarial software, the IRS will be able to establish an effective and consistently applied process for the audit of life insurance reserves and IRC sections 7702 and 7702A compliance.

#### **1.2 Objectives**

This SOW describes the IRS’ requirements for Contractor support for the products and services required under this project. The software must, at a minimum, provide all of the functionality listed in Section 2.1 through 2.1.2, Software Requirements. The Contractor will also provide all support services in accordance with Sections 2.2 through 2.6. The Contractor will be available to provide information and testimony related to the software and actuarial assumptions in the event of disputed adjustments that require administrative Appeal and/or litigation.

### **2.0 TECHNICAL REQUIREMENTS**

The Contractor shall provide standard, commercial technical support normally provided to commercial clients to perform the requirements as set forth in this statement of work.

#### **2.1 Software Requirements (Minimum Mandatory Requirement)**

Any offeror who is not the Original Software Manufacturer (OSM) for the actuarial software proposed under this contract must submit with the proposal a signed, currently valid agreement



between the offeror and the OSM that conveys rights to the offeror to represent the OSM on all matters pertaining to, including the provision of, the software over the life of the contract.

### **2.1.1 Minimum Mandatory Software Capability Requirements.**

The actuarial software shall perform the following mandatory functions:

1. Facilitate conversion of taxpayer's policy data to a form usable by the Actuarial Software. Policy data is that data pertaining to each individual policy for which a reserve must be computed.
2. Calculate statutory and tax reserves for life insurance, annuity, and accident and health insurance contracts consistent with the Internal Revenue Code (IRC).
3. Comply with all current (i) IRC tax laws, (ii) NAIC Regulations, and (iii) Actuarial Guidelines relating to the calculation of life, annuity, and accident and health insurance reserves, including but not limited to:
  - (a) NAIC Standard Valuation Law
  - (b) NAIC Regulations XXX
  - (c) Guidelines 33 and 34
  - (d) IRC Code Sections 7702 and 7702A
4. Be capable of importing and exporting actuarial tables (e.g. mortality and morbidity tables, cash value and reserve factor tables, etc.) directly from third party products (e.g. Excel, Lotus, etc.)
5. The Contractor's proposed software will be compatible with IRS equipment Standard Laptop – with Mobile Intel Pentium M Processor, 1.7Ghz, 14.1" XGA, 512Mb RAM, 40GH HD, Operating system Windows XP Professional Service Pack 2 and IRS standard image software (see below). If the operation of your COTS product requires any other software and/or any other updates to IRS computers, your proposal must identify the need for such and include this additional computer software and/or upgrades in the price quote for your proposal.

<b>Product or Application</b>	<b>Version</b>
Adobe Acrobat	5.0.5
Attachmate INFOConnect 2001	5.00.090
Avery Wizard	2.1 for Microsoft® Word XP
Citrix ICA Client	6.31.1051
Easy CD & DVD Creator	6.1.1.8
HighMAT Extension to Microsoft Windows XP CD Writing Wizard	1.1.1905.1
Hummingbird Exceed	V7.1
InterVideo WinDVD	3.2
Macromedia Flash Player	7.0.19.0
Microsoft .NET Framework	1.1 1.1.4322
Microsoft Office	2003 Professional SP1
Microsoft Windows Journal Viewer	1.5.2315.3
Microsoft Windows Services for UNIX	7.0.1701.1
MSXML 4.0 SP2 Parser and SDK	4.20.9818.0
Oracle JInitiator	1.1.8.3
Quickview Plus	7.0
Shockwave Player	8.5.1.436
Symantec AntiVirus Client	8.0.1.425
WebFldrs XP	9.50.5318
WinZip	9.0
BNA CTAA	2003.1
Printkey 2000	5.1
Savings Bond Wizard	2.5
TIPS	2.15
ISS Desktop Protector	7.0
IEWS	4.8.7.1
Cisco Systems VPN Client	4.0.4

It is highly desirable that the Contractor's software enable IRS life insurance actuaries to examine a myriad of life insurance and accident and health reserves, annuity products and, if applicable, conduct and verify IRC Sections 7702 and 7702A compliance without the need for additional compiler software. If additional compiler software is needed to examine any of these product lines, the Contractor's proposal must document this need and specify which products require its use.

### **2.1.2 Minimum Mandatory Calculations**

The software shall be capable of performing the following calculations:

1. Traditional Products Valuation -- Life -- Calculate statutory, tax, and gross premium reserves for the following:

Whole Life, Limited Payment Life, Term, Deposit Term, Paid-Up Life, Endowments,  
Extended - Term, ADB, Waiver of Premium  
Support for NY Reg. 147 and XXX (1995) and XXX(2000)  
CRVM, Net Level, 2 Year Preliminary Term and Gross Premium Reserves  
Curtate, Continuous, Semi-Continuous  
Single Life, First-To-Die, Last Survivor, Multi-Life  
Due, deferred and advance premiums

2. Interest Sensitive Life Valuation - Calculate Statutory, Tax, Minimum and Gross Premium Reserves for the following:

- (a) Fixed, Flexible, Variable and Indexed UL Reserves.
- (b) Model Regulations, NY Reg. 147 and XXX (1995) and XXX(2000)
- (c) All patterns of death benefits and premiums with banding
- (d) CRVM, Net Level, and Gross Premium Reserves
- (e) Curtate, Continuous and Semi-Continuous
- (f) Single Life, First-To-Die, Last Survivor, Multi-Life
- (g) Due, deferred and advance premiums
- (h) Recalculate the Guaranteed Maturity Premium and Guaranteed Maturity Funds, Net Level Premiums, Expense Allowances and Reserves including any applicable MGDB reserves
- (i) Calculate XXX reserves for secondary guaranteed products

3. Annuities Valuation - Calculate Statutory, Tax and Gross Premium Reserves for the following:

Fixed, Flexible, Variable and Indexed (Equity and Interest) Annuities both deferred and immediate  
Support for CARVM and Continuous CARVM including all applicable Actuarial Guidelines  
Issue Year and Change-In-Fund  
Integrated Benefit Streams  
MGDB (Minimum Guaranteed Death Benefit) and MGIB (Minimum Guaranteed Income Benefit) Reserves calculated for Variable Annuities  
Support for policyholder charges and bonuses  
Support for FIFO/LIFO/PRO RATA rules for surrender charges and free-withdrawals  
Support for different surrender charge options, free-withdrawals, two tiered interest credits and non-elective benefits  
Support for Market-Value Adjustments

### **2.1.3 Highly Desirable Software Capability Requirements**

It is highly desirable that the Contractor's software be capable of performing the following functions:

1. Reinsurance transactions are the sharing of risk among insurance companies. The software should have the capability to determine risk and be able to calculate reinsurance/reassurance transactions impact as follows:

- Calculate the impact of the transfer of all or part of the risk assumed by an insurer under one or more insurances to another insurer
- Calculate the impact of entering into a reinsurance agreement
- Calculate the impact of ceding risk by using reinsurance

2. Life Insurance Company Taxable Income

- Displays beginning Life Insurance Company Tax Return (Form 1120L) as filed
- Provides a display area (which may be a column) for user input for adjustments to taxable income that may be input by user, on a line by line Form 1120L basis
- These display areas should be capable of displaying tax return as filed, adjustments, and 1120L as adjusted, at a minimum on a separate company basis
- Perform changes quickly to the 1120L as filed
- May be utilized to do a number of “what if” calculations

3. Test whether individual life insurance and modified endowment contracts meet their definitions of life insurance under IRC Section 7702 and modified endowment under IRC Section 7702A, respectively.

- Calculate Section 7702 and Section 7702A for compliance
- Calculate IRS Single, Annual and 7 pay premiums
- Recalculate the 7702 premiums due to material policy changes, based on IRS Guidelines
- Demonstrate if the policy was always in compliance with the Guideline Premiums and the IRS corridor test using TEFRA, DEFRA or the Cash Value Accumulation test taking into consideration structural Policy Changes

4. Provide taxpayer the option to submit plan descriptions electronically in a format usable by the actuarial software. Alternatively, provide, at taxpayer’s option, a hardcopy form of plan description.

5. Produce, at the software user’s request, a summary report showing the plan description as it is currently structured.

6. Compare, or provide data with which to compare, taxpayer’s statutory and tax reserves with statutory and tax reserves computed by the software on a seriatim basis using taxpayer’s seriatim reserves as input to a comparison audit report.

7. Provide for convenient archival of the final product description and policy data. The software user can select one, any, or all plans and policies to be included in the archive.

## **2.2 Training Requirements**

### **2.2.1 Training and Software Use Objectives**

Initially, the IRS will be training a maximum of 5 life insurance actuaries in the use of the Contractor's software. To the maximum extent possible, Contractors shall propose the standard commercial training package or program normally provided to licensed software users for purposes of effectively using the Contractor's software product(s). The training proposed shall meet the following objectives: upon completion of training, IRS actuaries will be able to begin effectively using the software in a productive manner to perform all functions and calculations required by and offered in response to this solicitation. While it is not expected that upon completion of training software users will be immediately proficient in all aspects of the software, professional IRS life insurance actuaries with average computer skills must be able to use the software in the audit of life insurance tax returns in order to examine life and accident and health reserves annuity products and, if applicable, conduct and verify IRC Sections 7702 and 7702A compliance without additional assistance other than that normally provided through the help desk (See Section 2.3.1.).

### **2.2.2 Training Proposal**

The Contractor's training proposal shall address the training proposed including type of training, location, hours and duration (number of days), training materials, manuals, documentation provided, instructor credentials, and any requirements of IRS trainees in terms of prerequisite experience or government provided equipment or materials. The Contractor shall propose a fixed cost for the training on a per student or session basis. If training is normally provided as a part of standard license or maintenance fees, it shall be proposed as such.

### **2.2.3 Other Specific Training Requirements**

1. All training course material provided by the Contractor shall not contain live taxpayer data or names unless it is part of a commercially published text.
2. If determined that the IRS will assist in the classroom instruction, the Contractor shall allow the IRS to use the Contractor's data and material during such portion of the class.

### **2.2.4 Training Performance Measures**

#### **2.2.4.1 Course Evaluation**

The IRS will evaluate the effectiveness of the classroom instruction provided by the Contractor. Classroom evaluations will be administered to the students to gather useful data concerning instructional technology principles, learning styles, teaching methods and media. The evaluation form will be supplied by the IRS and completed by the students no later than the last day of the course. However, students will be encouraged to fill out the evaluation as the class progresses. The IRS reserves the right to require the Contractor to provide additional instruction or repeat the class at no additional cost if the average course evaluation for all students is less than 3.5 on a rating scale of 1 to 5 where 1 is unsatisfactory and 5 is superior.

#### **2.2.4.2 Achievement of Objectives**

If after normal and routine use of the software for 30 days following completion of training, the objectives described in Section 2.2.1 are not achieved, the IRS may require the Contractor to provide additional instruction or repeat the class at no additional cost. If after repeated attempts or a prolonged period of time, it is determined that the training and software use objectives cannot be met, the Contractor may be subject to termination by default or other adverse remedies as appropriate.

### **2.3 Actuarial Software Support**

The Contractor shall provide access to actuarial services in support of the software provided. These services shall be available to assist the IRS with all functions and calculations performed by the software including, but not limited to, reserves, insurance, rates, and risk factors in accordance with Section 2.1, Software Requirements.

#### **2.3.1 Actuarial Software Support – (Help Desk)**

The required hours of support are 8:00 a.m. to 7:00 p.m. Eastern Standard Time, Monday through Friday. At a minimum, the Contractor shall provide a help desk to include a toll free telephone and online (internet) support of the actuarial software to assist users in resolving problems encountered while using the Contractor's software product(s). To the maximum extent possible, Contractors shall propose the standard commercial help desk support offered to other licensed software users.

The help desk support program proposed shall meet the following objectives:

1. IRS actuaries shall have access to the toll free telephone help desk support program that the Contractor normally offers to their other licensed software users during the core hours of operation, Monday through Friday, as listed in the Contractors proposal, excluding Federal holidays. Federal holidays can be viewed on the Office of Personnel Management's (OPM) website at [www.opm.gov](http://www.opm.gov). The Contractor's telephone help desk shall be staffed with specialists thoroughly versed in all aspects and functions of the Contractor's software products(s) but particularly those described and offered in response to Section 2.1, Software Requirements. The Contractor's help desk support staff shall be able to successfully resolve most problems during the initial phone call with only occasional problems requiring a call back.
2. In addition to telephone support, IRS actuaries shall have access to online support via the internet and/or an e-mail account 24 hours a day, 7 days a week. Questions posed by IRS actuaries to the Contractor's online facility shall be responded to with the information necessary to resolve the problem by 8:00 a.m. the following business day.

##### **2.3.1.1 Help Desk Proposal**

The Contractor's help desk proposal shall include a detailed description of the help desk support

being proposed to include: staffing, hours of operations, phone lines available, online support facility, and any available response statistics or guarantees. The Contractor shall propose all costs for help desk support. If the Contractor's normal commercial practice is to include the cost of help desk support as part of software license and/or maintenance fees, it shall propose as such.

### **2.3.1.2 Help Desk Performance Measures**

Help Desk support of the Contractor's software is extremely important to IRS actuaries, and downtime (inability to effectively use the software through no fault of the government) must be kept to a minimum. The following performance measures and remedies are designed to ensure that these objectives are satisfied.

During normal hours of help desk operation, IRS actuaries shall reach qualified support staff by telephone during the initial call 95% of the time (95 out of 100 calls or the equivalent) and shall not be required to leave a voice mail.

Software problems shall be resolved during the initial call 90% of the time or better (90 out of 100 calls or the equivalent). When call backs are required, the problem in questions shall be resolved by close of business on the day of the call, if the call is made by 2:00 pm Eastern. Otherwise, the problem shall be resolved by 10:00 a.m. Eastern the next business day.

The Contractor's online support facility shall be accessible by IRS actuaries 24 hours a day, 7 days a week as stated in 2.3.1., paragraph 2, above. Software user problems posted to the online help facility shall be successfully responded to with an acceptable resolution by 8:00 a.m. Eastern the next business day 95% of the time (95 out of 100 inquiries or the equivalent).

If in any given month, IRS actuaries are unable to use the Contractor's software for a period exceeding 24 consecutive hours Monday thorough Friday due to a malfunction or problem with the software for which the Contractor is unable to correct or develop a workaround, the Contractor may be subject to withholding of payment or other adverse remedies up to and including default for repeated or recurring violations.

### **2.3.2 Professional Expert Witness Support**

The Contractor shall provide professional actuarial support to the IRS in the event of administrative Appeal and/or tax litigation involving or with respect to the actuarial software or its calculations. The Contractor shall be available to provide expert advice and support with respect to the software, its functionality and its actuarial assumptions. The Contractor may be required to write an expert opinion or provide a report regarding the software's functions, calculations and/or actuarial assumptions with respect to any tax audit. The IRS may require that the Contractor be available full time throughout the entire time period of the trial, and be available for pre trial conferences. The Contractor must be able to provide expert testimony as to the validity of the software and the actuarial assumptions contained within.

The Contractor shall provide an hourly rate for the type of support described above. The IRS will fund a block of hours at the beginning of each annual performance period. The Contracting

Officer shall authorize the use of these hours through the issuance of task orders describing the work to be performed and the number of hours allocated on a not-to-exceed basis. The Contracting Officer shall monitor the hours expended by the Contractor and shall allocate additional hours as necessary through task order modifications. At no time shall the Contractor exceed the number of hours set forth in the task order. The Contractor shall be reimbursed for travel per federal travel regulations. See Section 2.10, Travel.

## **2.4 Software Maintenance**

The Contractor shall maintain and support all software for the life of the contract, including any options or renewals. Maintenance shall include the correction of errors, and the provision of all releases, versions, fixes, patches and updates to the software and its documentation.

The software shall be the most current professional version, including current maintenance updates. In the event the Contractor enhances changes or modifies the software product, or changes the product name, the Contractor shall be responsible for providing and maintaining all functionality and features proposed with the original product. All future releases, version fixes, patches, and updates must be compatible with all older versions of the Contractor's software.

## **2.5 Section 508 Information Technology Accessibility Compliance**

Section 508 of the Rehabilitation Act of 1973 requires that when Federal agencies develop, procure, maintain, or use electronic and information technology, Federal employees with disabilities have access to and use of information and data that is comparable to the access and use by Federal employees who are not individuals with disabilities, unless an undue burden would be imposed on the agency. Section 508 also requires that individuals with disabilities, who are members of the public seeking information or services from a Federal agency, have access to and use of information and data that is comparable to that provided to the public who are not individuals with disabilities, unless an undue burden would be imposed on the agency.

Any software purchased by the federal government must be in compliance with Section 508. Therefore, the actuarial software proposed in response to this solicitation must be Section 508 compliant to the maximum extent possible.

“It is mandatory that the Contractor describe how all offered electronic and information technology (EIT) products and services comply with both Section 508 of the Rehabilitation Act of 1973, as amended, and the Architectural and Transportation Barriers Compliance Board's Electronic and Information Technology Accessibility Standards at 36 CFR Part 1194. Specifically, there are three Section 508 technical standards that are applicable to the subject solicitation:

- 36 CFR 1194.21, Software Applications and Operating Systems
- 36 CFR 1194.31, Functional Performance Criteria
- 36 CFR 1194.41 Information, Documentation and Support

It is mandatory that the Contractor clearly demonstrate how it will comply with the Section 508 standards as set forth in 36 CFR 1194.21, 36 CFR 1194.31 and 36 CFR 1194.41 for its proposed



products and services. Pursuant to FAR 39.203(b)(3), your proposed products and services must comply no later than the time of issuance of the first delivery order under this contract. Reference FAR 39.203(b)(3), "Requiring activities must ensure supplies or services meet the applicable accessibility standards at 36 CFR 1194, unless an exception applies, at the time of issuance of task or delivery orders."

The information contained in responses will be used to assess the degree to which the Contractor's software is Section 508 compliant, which will be an important factor in source selection. The government is generally required to select a Section 508 compliant product, and if no product is totally compliant, then only the most compliant product(s) will be considered.

## **2.6 Distribution of Software**

All software distribution under this contract will be made to the COTR unless otherwise directed by the COTR. This includes distribution of the initial software product(s) and all new versions, releases, and updates thereafter. All software will be submitted by the COTR for acceptance testing in an IRS test facility prior to distribution to IRS actuaries for use in the IRS computing environment.

If after acceptance testing, the COTR directs the Contractor to make distribution directly to users, such distribution shall occur within 5 days following acceptance and notification by the IRS COTR. If distribution is made using CDs, the Contractor shall distribute the CDs to licensee shipping addresses provided by the IRS COTR such that receipt occurs within the 5-day timeframe. Upon shipment, the Contractor shall provide to the COTR via secured electronic transmission an Excel spreadsheet that contains at a minimum the shipping/tracking number, the date of shipment, and all applicable registration codes.

### **2.6.1 Optional Distribution Requirements**

Electronic distribution is encouraged as an option to distribution using CDs. If transmitting codes are required by the Contractor to transmit for more than one user, the transmit codes must be provided to the COTR and/or IRS licensees at the time of distribution. If distribution is via the internet, all updates/upgrades must be available using dial-up modem.

The Contractor may propose other distribution methods consistent with their standard commercial practice.

## **2.7 Period of Performance**

The period of performance of this contract is from the date of award to include a base period of one year with four, 12 month option periods, for a total of five years.

## **2.8 Deliverables**

The Contractor shall ensure that all technical records, reports, files, logs and other documentation generated are made available to the COTR and other authorized Government representatives

during the performance of this contract.

All deliverables will be provided to the COTR at the following office mailing address:

**TO BE PROVIDED TIME OF CONTRACT AWARD**

Address: Internal Revenue Service

Email:

Telephone No.:

Fax Number:

**2.8.1 Software**

**2.8.2** Software deliverables shall include the initial software product(s)/modules in the quantities ordered by the government for use by IRS life insurance actuaries as well as any subsequent versions, releases, or updates to these products.

**2.8.3 Training**

Training deliverables shall include the training course(s) offered by the Contractor and ordered by the government including any documentation and training materials provided in conjunction with the training.

**2.8.4 Help Desk**

Help Desk deliverables shall include the telephone and online support offered by the Contractor in response to this solicitation. In addition, by the 15<sup>th</sup> or the first workday on or after the 15<sup>th</sup> of each month, the Contractor will provide a report to the COTR of all help desk inquiries (both telephone and online) originated by the IRS during the preceding month. This report shall itemize the date, time, and nature or subject of each call and its resolution.

**2.8.5 Software User Documentation**

The Contractor shall provide complete and comprehensive user documentation for all software provided under this contract to include revised documentation whenever changes are made to the software that impact documentation to the COTR and other authorized Government representatives during the performance of this contract.

**2.8.6 Professional Expert Witness Support**

The Contractor shall provide all expert witness support ordered under this contract. Additionally, by the 15<sup>th</sup> or the first workday on or after the 15<sup>th</sup> of each month, the Contractor will provide a report to the COTR of all expert witness support provided to the IRS during the preceding month. This report shall itemize the date, time, and nature or subject of the support including all billable hours.

## **2.9 Identification Badges**

The Contractor personnel shall carry identification badges at all times when performing work under this contract or while in Government facilities, and shall ensure that the badge is displayed at all times in accordance with local protocol. Identification badges will be furnished by the Government.

## **2.10 Non-Disclosure**

Execution of the functions, tasks and responsibilities required by this Contract may involve access to sensitive information concerning taxpayers, Government agencies, and official Government documentation. See the IRS' solicitation document for additional disclosure clauses.

## **2.11 Subcontractors**

Subcontractor personnel shall be subject to the same requirements of the Prime Contractor personnel. Communication with the Government regarding subcontractor performance and personnel shall be conducted by the prime Contractor.

## **2.12 Performance Standards**

The Contractor shall ensure that all work meets the specifications in the Performance Requirements Summary (PRS) provided in Exhibit 1 and as described herein.

## **2.13 Quality Control**

The Contractor shall be responsible for the quality of products and services provided under this contract, to include those products and services provided by subcontract. The Contractor shall re-perform work that does not meet Contract requirements, unless otherwise directed by the COTR. Re-performance of work shall not constitute an excusable cause to miss any timeliness or standards or deadlines. The Contractor shall absorb the cost of any required rework and such rework shall not be charged back to the Government.

### **2.13.1 Contractor Quality Control Program and Plan**

The Contractor shall develop and implement an effective, proactive Quality Control Plan Program for measuring and attaining quality of performance under this contract in accordance with FAR 52.246-4, Inspection of Services – Fixed Price. The program shall emphasize deficiency prevention over deficiency detection and address methods for remedying poor performance. The sustaining focus of the program shall be the attainment of continuous quality improvement.

### **2.13.2 Quality Control Plan (QAP)**

The Contractor shall submit a Quality Control Plan describing the Quality Control Program as part of the proposal submission.

### **2.13.2.1 Performance Evaluation Meetings**

The Contractor shall hold monthly telephone conference calls on the 15<sup>th</sup> of each month or by the first workday after the 15th of the month with the COTR to discuss performance evaluation topics that shall include, but not limited to, problem discussion and resolution, reinforcement of quality and timely performance Contract requirements. The contractor shall send the COTR an email 2-3 days prior to the conference call that shall contain agenda topics to be discussed during that particular monthly teleconference. During the teleconference, the Government and the Contractor will discuss the Contractor's performance as viewed by the Government and any problems being experienced. The Contractor shall take appropriate actions to resolve outstanding issues within a timeframe that is agreed upon by the Contractor and COTR. The Contractor shall take minutes during performance evaluation teleconference, and shall send the COTR the minute's via e-mail no later than two (2) business days from date of the teleconference. The Contractor can hold additional teleconferences at any time with the COTR to discuss critical issues that may arise between the monthly teleconferences. If a face to face meeting is required the COTR shall travel to the Contractors location.

### **2.13.2.2 Participation in Government Quality Assurance**

The Government will inspect for compliance with Contract terms throughout the life of the contract. Evaluation will be based on the Contractor's compliance with the requirements outlined in the Performance Requirements Summary, Exhibit 1. The Government will monitor the Contractor's performance under this Contract by performing checks as contained in the Quality Assurance Surveillance Plan (QASP). Typical procedures include random sampling, planned sampling, scheduled inspections, and observations, reviewing task output and performance, and reviewing validated customer comments.

### **2.13.2.3 Contract Discrepancy Report (CDR)**

Unsatisfactory Contractor Performance will be outlined in a CDR. The Contractor shall reply in writing within ten (10) calendar days of receipt of the CDR, providing the reasons for unsatisfactory performance, corrective action taken, and procedures to prevent recurrence of unsatisfactory performance. An example of a CDR is provided in Exhibit 2.

## **3.0 COMPLIANCE**

The Contractor shall comply with all applicable Federal, State and local laws and regulations while engaged in the performance of this contract.

### **3.1 Inspection by Government Agency**

Inspections, audits, and similar activities may be made by the Government agencies including, but not limited to, Occupational Safety and Health Administration (OSHA), General Accounting Office (GAO), and Treasury Inspector General for Tax Administration (TIGTA). Such inspections, audits, and work interruptions shall not constitute an excusable cause to miss any timeliness standards or deadlines.

### **3.1.1 Inspection Report**

The Contractor shall submit a written report to the COTR by close of business on the next workday following completion of an inspection, to include the name(s), identification number(s), and agency (s) of the inspector(s) reason for inspection, and any remarks made during the inspection.